

Recurrence Prevention of Inappropriate Quality Conduct

We have formulated and are conducting specific measures based on the investigation report by the external investigation committee, disclosed n December 11, 2023. The latest progress is reported on Denka's website.

URL for our website: https://www.denka.co.jp/progress of group measure to prevent recurrence/general information/

1. Actions to address issues identified in four areas

Approach from the management standpoint

Issue	Countermeasure
	Develop a supervisory system by the Board of Directors
(1) Strengthening governance	Strengthen internal control of group companies
	Continually issue messages and provide communication by management
(2) Improvement based on management	Promote activities to create leeway and lower stress on the front lines
strategy	O Adopt psychological safety and non-technical skill education
	Clearly indicate quality compliance in internal rules
(3) Enhancement of company-wide	Adopt 360-degree evaluation in the personnel system
systems	O Reflect in personnel evaluation system
	Promote use of whistle-blowing system

Strengthening quality assurance functions

Issue	Countermeasure
(1) Review of quality system	Review and strengthen quality assurance functions
	O Rebuild organization to ensure independence of plant quality assurance
	Review and establish policy, internal rules, and guidelines
(2) Payious of quality appurance avetern	Strengthen function and role of quality assurance department
Review of quality assurance system	O Strengthen management of quality-related documents
	O Improve and ensure commitment to design review and change management regulations
	Take corrective action toward normalization
	O Address results of questionnaire surveys
(3) Stricter management of certification	O Incorporate certification standard registration into ISO 9001
standards	O Create database and centralize management
	O Review second comprehensive investigation
	O Comprehensive inspection of specifications
	O Consider development of new escalation process
(4) Strengthening of auditing and supervision	O Establish quality risk secretariat
supervision	O Formulate plan for periodic questionnaire surveys

Strengthening quality foundations

Issue	Countermeasure	
(1) Transmitting skills and reducing	O Establish procedures and records	
person dependency	O Ensure data integrity (review inspection data management methods)	
(2) Strengthening front lines	© Establish a deliberative body covering all aspects of quality assurance	
	O Improve process capability index and strengthen production management	
	O Optimize personnel on front lines	
	O Address imbalances between specs and process capabilities	

Human resources strategy and development

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	Issue	Countermeasure
	(1) Human resources strategy	Develop human resources for quality assurance and centralize management
		O Formulate human resources rotation standards
	(2) Human resources development	Strengthen quality compliance education
		O Establish quality education program

2. Status of specific initiatives

Approach from the management standpoint — Strengthening governance

Continually issue messages and provide communication by management

Due to quality irregularities and the fatal accident in the previous fiscal year, we are holding discussion meetings on safety and quality management whenever the President visits business sites. The objective is to raise the safety and quality awareness of each employee at each business site through direct dialogue with the responsible people on the front lines, and to foster a company culture with high psychological safety by sharing the issues confronting the front lines with top management and strengthening communication between levels.

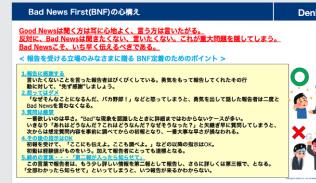


Discussion meeting at the Omi Plant. Diverse opinions were exchanged on topics such as investments in DX

Human resources strategy and development — Human resources development

Strengthen quality compliance education

In order to strengthen quality compliance through education, we have distributed quality compliance education videos to employees. Going forward, we will review content, distribution methods, and quality education programs to ensure we reach employees at all levels within the group.



Example of instructional materials

Actions labeled with
and O are planned for implementation. Implementation starting from FY2024, O: Implementation starting from the end of FY2024